



Policy in Practice

What English councils can learn
from Council Tax interventions in
Wales

Wednesday 24 May

Housekeeping

- Audio check
- Please ask questions throughout
- Download and a short survey (request our new comms toolkit)
- Aim to finish by 11.45
- Slides and recording will automatically follow
- Follow us on Twitter [@policy_practice](https://twitter.com/policy_practice)



We believe in the
power of technology
and data to
change lives



Policy in Practice: What we do



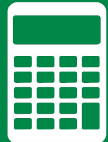
Policy

A team of professionals with extensive knowledge of the welfare system. We're passionate about making social policy work



Analytics

We help over 100 local authorities use their household level data to identify vulnerable households, target support and track their interventions.



Software

Our award winning benefit calculator is government recommended and used by around 2 million people each year. It helps put £720 million of support into people's pockets



Today's speakers



Janet Harkin
Chief Marketing Officer
Policy in Practice



Alex Clegg
Senior Policy and Data
Analyst
Policy in Practice



Jane Worrell
Revenues & Benefits Senior
Specialist
Folkestone and Hythe District
Councils



Zoe Charlesworth
Associate Policy and
Research Lead
Policy in Practice



Agenda

- The latest research on the cost of living crisis and our analysis of the unclaimed benefits gap
- Relevant learnings from our analysis of the Council Tax interventions introduced by the Welsh Government to help low income households
- Trends from our work modelling Council Tax support schemes for English councils
- Case study: How one district council is proactively driving take up of Council Tax support using a data led approach
- Questions and answers



Over to Alex



Current pressures on household finances

- The lowest real rate of benefit support for over 40 years
- The cost of living crisis has had a disproportionate effect on low-income households (*12.5% for lowest decile, HoC briefing paper 9428, Food parcels for 3 days rise in value by 40%, Trussell Trust*)
- 75% of households will be in fuel poverty in 2023 (over 10% of net income on fuel)
- The Trussell Trust has seen food parcels increase by 50% since pre-pandemic
- Household debt is increasing (arrears amongst low-income households up £2bn to £7.3bn in the year to Oct 22)



Current pressures on household finances

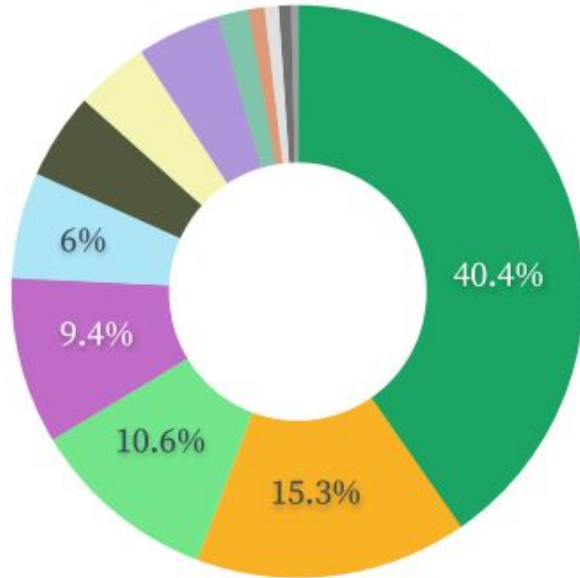
Policy in Practice analysed the adequacy of the benefit system for the APPG on poverty:

- From April 2023 a third of households will not have sufficient income for basic outgoings (with costs below SFS threshold figures)
- This rises to 40% of single renters



£19 billion of benefits and support is unclaimed

Estimated unclaimed



- £7.57 bn
Universal Credit
- £929 m
Housing Benefit (Pension Age)
- £2.87 bn
Council Tax Support
- £900 m
Water Social Tariffs
- £2.00 bn
Carers Allowance
- £768 m
Broadband Social Tariffs
- £1.75 bn
Pension Credit
- £511 m
Others
- £1.13 bn
Child Benefit
- £314 m
Warm Home Discount



Current pressures on council finances

- There has been a £15 billion real terms reduction (60%) to core government funding since 2010
- Inflation, increases to the National Living Wage and higher energy costs have added at least £2.4 billion onto the budgets councils set in March 2022
- Demand for services continues to rise
- Councils are facing a funding gap of £3.4 billion in 2023/24 and £4.5 billion in 2024/25

“Councils face a perfect storm from demand for services continuing to rise just as the price of providing them is also escalating dramatically. This risks hampering council efforts to help level up communities and support residents through the cost-of-living crisis.” (LGA)



Over to Zoe



Research objectives

The Welsh Government wished to understand the impact of four Council Tax interventions in Wales. These four interventions are:

1. Legislation that provided an exemption for **care leavers** from Council Tax until their 25th birthday with the aim of assisting their transition to adulthood
2. Standardisation of the application process for support for those with a '**severe mental impairment.**' This involved councils adopting a common application process and standardisation of information provided about the exemption
3. The removal of the sanction of **imprisonment** for non-payment of Council Tax
4. The introduction of the *Council Tax **Protocol** for Wales – Good practice in collection of council tax.* A voluntary code of practice for enforcement and support of those with Council Tax debt agreed with all 22 Welsh councils



An outline of the research

The research took place in 2022

It consisted of:

- Data analysis using publicly available data (e.g. StatsWales, ONS)
- Council publicity and documentation, including a review of Welsh council websites
- A survey of Welsh councils
- Interviews with relevant organisations
- Round table discussions with stakeholders



1. Exemption from Council Tax for Care Leavers

- The Welsh Government introduced a legislative basis to exempt care leavers from Council Tax until the age of 25
- The legislation created a new Council Tax exemption category for care leavers which came into force in April 2019
- In April 2022, further legislation came into force extended this exemption to care leavers who were jointly and severally liable to Council Tax with a non-exempt person



1. Exemption from Council Tax for Care Leavers

- the situation in England

- Currently 50% of councils offer council tax reductions to care leavers. In some this is a discount, in others full exemption. Some limit support to care leavers from the borough
- In November 2020, the National Implementation Advisor for Care Leavers published a report including “What is in a ‘good’ local offer?”
 - **Full Council Tax Exemption to care leavers in the authority and if they move out of authority, and for care leavers from other local authorities**
- In 2021 MHCLG wrote to all councils regarding the cross-Government care leaver strategy – Keep on Caring.
- This urged councils to adopt the Department for Education’s guidance on applying corporate parenting principles to looked after children and care leavers. Including full CT exemption up to 25 that “followed” the care leaver to other boroughs



1. Exemption for Care Leavers: findings

The introduction of the exemption has been effective in supporting care leavers
The measure helped support care leavers in the transition to adulthood

- The number of care leaver Council Tax exemptions has significantly increased year on year since its introduction (746 in 2022)
- Councils and organisations that support care leavers report a high level of awareness of the care leavers Council Tax exemption
- Council Tax administrators and care leavers reported barriers to the provision of the exemption due to difficulties in accessing the required evidence from Social Services
- Care leavers reported difficulties in accessing clear advice and guidance regarding the exemption



1. Exemption for Care Leavers: recommendations

Accessibility

- Introduce standard guidance for both care leavers and organisations supporting them

Additional support

- Councils should consider a standard offer of support for care leavers when engaging with regards to the Council Tax exemption (income maximisation, budgeting etc)
- Councils should consider introducing mechanisms to support care leavers through the transition to becoming a CT payer at 25

Data sharing

- Barriers around data sharing with Social Services departments need addressing



2. Standardisation of application for SMI exemption

The Local Government Finance Act 1992 provides for the exemption of liability to Council Tax in England and Wales for people with Severe Mental Impairment (SMI)

- Research in 2017 by Money Saving Expert indicated that the application of the discount was not uniform and recommended the introduction of a standardised application form and application procedures to be adopted by all councils
- In 2019, the previous Welsh Government responded to the report and implemented the recommendations across Wales

In England: All councils offer the SMI exemption but vary in application and guidance



2. SMI exemption: findings

The measure has been effective in raising awareness and applications. Its impact is significant

- Good awareness across both councils and third party organisations of standardisation
- A significant increase in the number of SMI CT exemptions across all councils in Wales since 2019.
 - Exemptions have increased by 29% in comparison to a 12% increase in eligible population



2. SMI exemption: recommendations

Engagement: Councils should ensure appropriate engagement is in place with stakeholders and medical organisations

Implementation

- Councils should implement all standardisation measures on their websites. *English councils can use the Welsh standardisation as good practice guidance*
- Offer guidance on evidential requirements for SMI

Terminology: The Welsh Government should review the definition of SMI and amend the terminology



3. The removal of the sanction of imprisonment for non-payment of Council Tax

- It was estimated that nearly 700 people were sent to prison in Wales and England for non-payment of Council Tax between 2010 and 2017
- In Wales the option to apply to the magistrates' court for Council Tax debtors to be committed to prison for up to three months was removed from 1 April 2019.

In England: Committal for non-payment of CT remains. Councils differ greatly in enforcement practices



3. Imprisonment: findings

There is no noticeable impact on collection rates

- Research by Policy in Practice found that only two factors correlated with collection rates: the maximum Council Tax Reduction (CTR) awarded by the council and the level of local poverty. Council Tax collection policy did not have an impact on collection rates
- Welsh councils maintained Council Tax collection rates since 2019 better than councils in England and the control group of similar English councils



3. Imprisonment: recommendations

Collections

The Welsh Government should work with Welsh councils to determine the cohorts for whom debt collection has become more challenging and co-develop measures to assist councils.

English councils may wish to consider findings that result from this

Communications

- Review all their channels of communication to ensure all reference to the sanction of imprisonment is removed
- Ensure that external staff (particularly enforcement) understand that the sanction of imprisonment has been removed

English councils may wish to ensure that their messaging, internal and external, reflects their intention



4. Introduction of the Council Tax Protocol for Wales

- The Council Tax Protocol for Wales sets out minimum standards and an agreed Council Tax collection and arrears management policy
- The provisions within the Protocol were endorsed by Welsh Councils and the WLGA in 2019



4. Protocol: findings

- The Council Tax Protocol has led to little change in councils' approach to Council Tax collection and enforcement
- Most councils stated that measures included within the Protocol were already in place before the introduction of the Protocol in 2019
- All councils stated that processes were in place for support or referral following identification of need
- However, The Bevan Foundation, Citizens Advice Wales and Mind Cymru were concerned that lack of uniformity of practice continued to exist between councils and within councils



4. Protocol: recommendations

The Welsh Government should work with Welsh councils to strengthen existing provision or consider introducing legislation around collection and enforcement activities

Websites

Councils should ensure that all websites contain information on support for those in financial difficulty. Websites should contain the full list of possible support mechanisms, including S13A reductions

Data

Councils should ensure they make best use of data to identify vulnerability and signpost to support

Enforcement

The Welsh Government should review whether legislation around collection and enforcement can be amended to prevent councils being tied to a particular path of enforcement activity



And finally

Websites

Website terminology can be unintentionally confusing

- Councils should consider using the same terminology for exemptions, discounts and CTR
- Welsh councils should consider introducing a common approach to website access that enhances accessibility

Good practice

- Good practice was seen across councils and there are many examples in the report



Over to Alex



CTR trends in England: Drivers for change

- Alleviate poverty in the context of limited council budgets
- Reduce the administrative burden, which can represent one third of CTR spending
 - Automation of claims
 - Reduced need for repeat billing, collections
 - Reduce confusion for claimants
- Address reduced take up of migrated households
- Reduce inequality between Universal Credit claimants and those in receipt of legacy benefits



Impact of CTR design: optimising the use of council data

- Design the CTR scheme to make the most of UC data through automation of claim without separate application
- Reduce administrative burden by designing the CTR scheme to take account of UC data (ie non-dep deductions, self-employment, disability benefits)
- Automate rollover from legacy benefits CTR to UC CTR



Additional use of council data

- Use UC data to inform enforcement action with segmentation of debtors by ability to pay as well as by vulnerability
- Provision of income maximisation to all UC claimants with CT arrears
- Use council CT arrears data to target take up of CTR

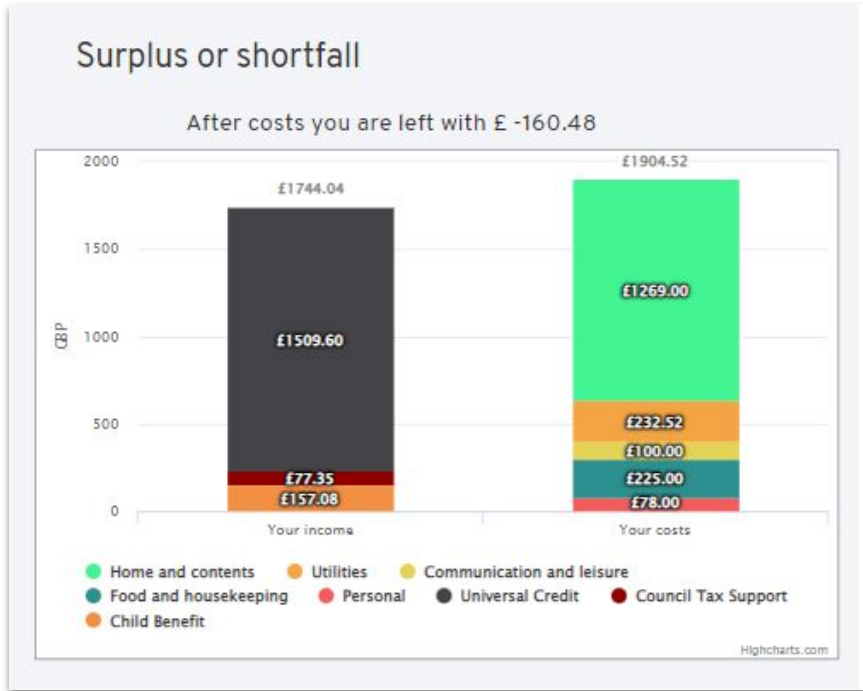


Impact of CTR design: maximum award

- There is a postcode lottery in the income of low-income households driven by LHA rates, Council Tax Reduction (CTR) generosity, and discretionary support
- When localised CTR was introduced many councils introduced maximum awards with the least generous now at 50% leaving residents on the lowest income paying 50% of liability. There was no parallel increase in benefit levels. Benefit levels have reduced in real terms
- In the least generous boroughs, residents with average CT liability will need to pay £50/month towards their CT (15% of the UC personal allowance)



Impact of CTR design: maximum award

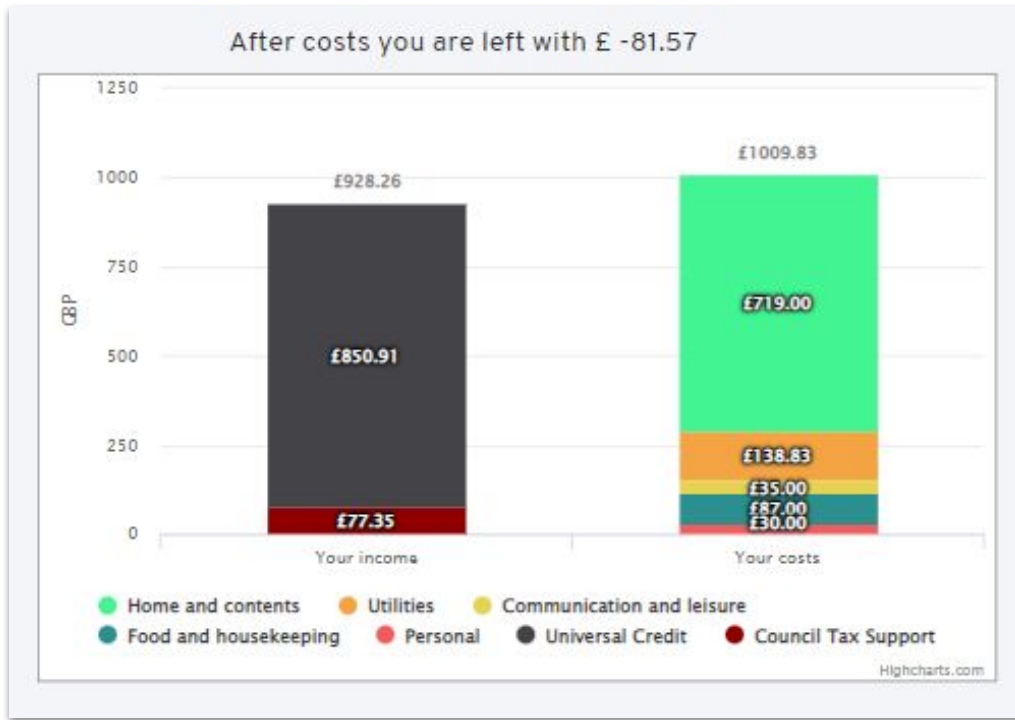


- Single parent and two children
- Benefit capped
- Rent at LHA
- All costs well below ONS 3rd decile average and considerably below trigger figures
- The local council has a maximum CTR of 70% of liability.

The resident must pay £36 a month Council Tax



Impact of CTR design: maximum award



- Single person
- HA property with bedroom tax
- All costs well below ONS 3rd decile average and considerably below trigger figures
- The local council has a maximum CTR of 70% of liability

The resident must pay £30 a month Council Tax



Impact of CTR design: backdating

Without backdating provision within the CTR, arrears are likely to accumulate as households first move to UC

- Migration to UC can cause a gap between the UC application and the CTR application
- DWP do not provide benefit take up advice
- Confusion between CT discounts and CT Reduction (by both DWP and council websites)
- Often CTR is only considered once enforcement is well advanced
- Many low-income households are not in a position to pay off arrears
- Many UC claimants have reduced UC due to repayment of advances or overpayment recovery

Increasing monthly Council Tax outgoings to cover arrears increases the risk of ongoing payments of Council Tax not being met



5 council actions to support low-income households

1. **Review maximum CTR:** A low maximum CTR risks CT payments being unaffordable to many low-income households and creates extra administration costs for councils
2. **Introduce backdating provision to align with UC** (particularly for migration to UC)
3. **Consider CTR design that takes account of automation** of application making best use of the UCDS
4. **Use council benefit data** to inform an approach to enforcement that takes into account ability to pay as well as vulnerability
5. **Use council arrears data** to inform benefit maximisation provision, before enforcement activity escalates



Over to Jane



A little about our area

- Folkestone & Hythe is a beautiful District in the Garden of England
- Close links to the continent via the Channel tunnel
- Properties range in price to the multi millions to the national average
- The population is diverse with a high percentage of pensioners and ethnic minorities from the Nepalese and Roma community
- Over 28% of the population are over pensionable age
- Over 15% of the working age population is on a low income
- This causes greater problems with the ongoing cost of living crisis
- The centre of Folkestone is know as a high deprivation area with a transient population in largely rented accommodation

Our CTR scheme


- We have been on a banded scheme since 2019
- There are pros and cons to a banded scheme as has already been mentioned but as well as moving to a banded scheme we made other adjustments
- If a claimant was awarded universal credit we treat that as an application for CTR and make an automatic award
- Backdating has no limit as long as evidence of their income can be provided
- We have some automation in our system

Our Take Up Campaign

- We have been using the LIFT dashboard since 2019 and have tried various campaigns since that time, some of which have been more successful than others
- Our CTR take up campaigns have proven to be very successful and they are now 'business as usual' for us
- Other campaigns have included
 - Pension credit take up
 - Discretionary Housing Payment take up
 - Multiple debts
 - Homelessness prevention (our newest campaign)
 - Targeting of cases for Household Support Fund

Identification of Cases

- Our data is submitted to PIP each month and our dashboard refreshed
- Once that is done we go into the dashboard and pick up the cases which have been highlighted on the LIFT summary
- So in this example we can see 219 cases possibly eligible for pension credit, 53 for severe disability premium and 37 who may be eligible for CTR
- For this campaign we download a list of the 37 onto an excel spreadsheet and they will be our focus for the month
- We started this in April 2022 and started with 68 but we average about 35 per month now

MAXIMISING BENEFIT TAKE-UP 

219 appear eligible for Pension Credit but aren't in receipt

53 eligible for SDP as part of HB but are not in receipt

37 stopped HB/CTS, but may be eligible to CTS if now on UC

Resources to run the campaign

- In FHDC I am lucky to have a welfare team but they don't actually run the campaign
- It is done by customer services
- One member of their team will take ownership of the list for that month and will attempt to call everyone on it within the month
- In some cases no call is required as the person has moved or notebooks indicate that CTR would no longer be applicable
- They record their findings on the spreadsheet and that comes back to the Welfare Specialists

The spreadsheet – an example

£ 3,405.37

Action	CTR awarded	Notes
Circumstances have recently changed no longer requires CTR		EI exceeds
Circumstances have recently changed no longer requires CTR		Class N added - ctax exempt
Circumstances have recently changed no longer requires CTR		Where's he moved to? Number incorrect. NFA
Would like to apply for CTR	£ 1,065.41	Where's she moved to? No answer. Will try again. CTR and SOD completed over the phone. ED set
		Temp accom

Outcome for 2022-23

As at the 22 May 2023

- Awards to 181 people
 - That's roughly 43% of cases
- Value of awards £89,327.94

Extra value of the campaign

- As anyone in this line of work will tell you engagement with a customer can be difficult but is very valuable on what you find out
- During one of the campaigns we discovered a mixed age couple who were owner occupiers and struggling on the SRP. Mr xx was in poor health and Mrs xx was his carer
- We worked with them to get them attendance allowance and carers allowance
- Their income went from £185.15 per week to £347.25 per week, plus they got the government cost of living payments and, for good measure, we awarded them some money for food and heating oil

Contact details

Very happy to discuss our approach with anyone who wants to.

Contact details: -

Jane.Worrell@folkestone-hythe.gov.uk

Over to Zoe



Councils can support residents via Council Tax support

- Take up campaigns for CTR (2.7million households miss out on £2.9 billion of support)
- Design of CTR including backdating and new claim regulations
- Use of CTR and other data to provide holistic support
- Review discounts and exemptions to ensure these are reaching intended cohorts
- Supportive collections and arrears policies
- Easy accessibility to support - ensure website design conveys supportive messaging



Questions and answers



Next steps

Take our very short survey when the webinar ends to:

- Give us feedback (thank you) and ask further questions of our speakers
- Request a follow up call to talk about how the solutions shown could help you

Register for our next webinars:

Wed 7 June: A common approach to Welsh benefits: a feasibility study with The Bevan Foundation

Wed 28 June: Missing out: How different sectors are closing the £19 billion unclaimed benefits gap

Request our Council Tax support take up toolkit



Thank you

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